

**Fannie Mae REO and
Neighborhood Stabilization:
A Guide for Public Entity and Non-
Profit Buyers**

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Meet Your Goals

You want...	Fannie Mae provides...
...an equitable opportunity to place responsible occupants in quality homes and keep speculation at bay	<ul style="list-style-type: none"> ■ A "First Look" at properties for buyers using public funds ■ A reserved contract period that gives buyers a chance to renegotiate after obtaining an appraisal
...to implement strategic neighborhood revitalization within the constraints of limited capital and capacity	<ul style="list-style-type: none"> ■ An initiative designed to work with HUD's Neighborhood Stabilization Program (NSP) ■ A dedicated team to help navigate the process ■ An earnest money waiver for public entities and a discount for individuals (can be as little as \$500)
...to ensure a healthy living environment for residents within your jurisdiction	<ul style="list-style-type: none"> ■ Extra time for due diligence and closing

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Initiative Overview: First Look

Fannie Mae has a new initiative designed to help public entities, nonprofits, individual homebuyers and certain for-profit entities that use public funds for the purchase of a Fannie Mae-owned property. Included is a new "First Look" opportunity designed to help individuals and organizations using public funds.

First Look

During the first 15 days a property is listed for sale, only offers from owner-occupants, public entities or their designated partners will be considered.

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Initiative Overview: Additional Benefits

The initiative offers these additional potential benefits:

Reserved Contract Period

Upon receipt of an acceptable offer, buyers have the option to renegotiate their offer after obtaining an NSP-required appraisal.

Deposit Waivers

Fannie Mae will waive the earnest money requirement for public entities* using NSP funds to purchase a Fannie Mae-owned property.

Extra Time

The NSP buyer receives up to 45 days to close - 15 days more than is usually permitted for purchases of Fannie Mae-owned properties.

*Individual homebuyers using NSP funds to purchase a Fannie Mae-owned property do not have to meet the full 5% earnest money requirement. Deposits can be as low as \$500.

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Possible Funding Sources

- Neighborhood Stabilization Program (NSP) funds
- Other types of public funds that may be used include, but are not limited to:
 - ☐ Community Development Block Grant (CDBG)
 - ☐ HOME Investment Partnerships Program funds
 - ☐ Housing trust funds
 - ☐ Charitable foundation funds
 - ☐ Leveraged private financial institutions and/or consortium funding

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www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg

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    A[Step 1: Identify Properties] --> B[Step 2: Make an Offer]
    B --> C[Step 3: Due diligence  
(including URA appraisal)]
    C --> D[Step 4: Final offer]
    D --> E[Step 5: Closing]
  
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Step 1: Identify Properties

Step 2: Make an Offer

Step 3: Due diligence
(including URA appraisal)

Step 4: Final offer

Step 5: Closing

*In the context of this presentation, “Buyer” refers to a public entity or a designated nonprofit or for-profit partner

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Step 1: Identify Properties

- **Secure a “proof of NSP eligibility”** form from public entity (if buyer is not a public entity)
- **Research and visit homes** that meet NSP program requirements, including Fannie Mae-owned homes (www.homepath.com)

Outcomes/Goals:

NSP eligibility determined by public entity

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NSP - Buyer Responsibilities

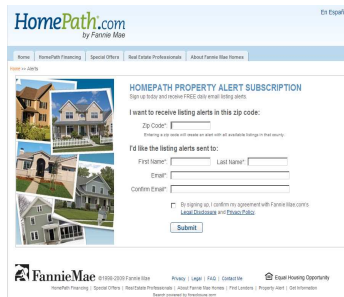
- HomePath.com allows potential buyers to search through Fannie Mae's REO inventory to find properties that meet their criteria.
- HomePath.com has a new feature, Property Alert, which e-mails subscribers when properties come on the market in their desired ZIP code.



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NSP - Buyer Responsibilities

- HomePath Property Alert subscription is easy.
- This is a great way to keep track of new listings in target NSP zip codes.



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NSP - Buyer Responsibilities

Step 2: Make an offer

- Verify that the targeted property meets NSP program requirements
- Communicate to Fannie Mae listing broker that the offer will be using NSP funds – and specify the local NSP program-required discount
- Obtain from the Fannie Mae listing broker the **local or state contract and the Fannie Mae purchase addendum** document
- Work with a real estate sales professional and the Fannie Mae listing broker to **submit an initial offer**
- Initial offer may be subject to negotiation if Fannie Mae does not approve initial offer

Outcomes/Goals:

Eligible property identified and initial offer made

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NSP - Buyer Responsibilities

Step 2: Make an offer (continued)

- When submitted, an **initial offer** should include:
 - Proof that the buyer is eligible for NSP assistance (if buyer is not public entity)
 - Purchase addendum, which will specify the NSP discount the public entity requires
 - Specified closing date (within a maximum 45 days after acceptance of the offer by Fannie Mae)
 - Any other requirements that are important to the buyer

Outcomes/Goals:

Eligible property identified and initial offer made

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NSP - Buyer Responsibilities

Step 3: Due diligence

- If the initial offer is accepted, inspect property and procure a **Uniform Residential Appraisal (URA)** within 10 days of offer acceptance. Copies are sent to the public entity and the lender
- **Submit revised offer** within five days of receipt of URA appraisal if initial offer is not NSP-compliant and the buyer needs to renegotiate. Otherwise, the initial offer becomes final and buyer proceeds to Step Five
 - Be sure to **communicate URA value** to the Fannie Mae listing broker
 - A maximum of 15 days are allowed from original contract date to resubmit offer
- Obtain from the Fannie Mae listing broker a **contract amendment** stating the final offer

Outcomes/Goals:

Appraisal obtained, contract amendment with final purchase price developed

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NSP - Buyer Responsibilities

Step 4: Final offer

- If necessary, **sign the contract amendment** and submit it to the Fannie Mae listing broker
- The **signed contract, along with signed amendment (if necessary), represents the final offer**, which will be reviewed by Fannie Mae and any applicable third parties

Outcomes/Goals:

Contract amendment signed

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NSP - Buyer Responsibilities

Step 5: Closing

- If the final offer is accepted, **follow the traditional process for closing** on the home
- **Coordinate with the NSP funds provider** to determine specific requirements for accessing funds and closing on the property (for designated partners, if necessary)

Outcomes/Goals:

Homebuyer moves into new home

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How to Get Started

- Talk with your Fannie Mae representative (see map on following page)
- E-mail PublicEntity_REOSales@fanniemae.com




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Local Contacts in Colorado

Fannie Mae Community Development
REO Sales Team


Colorado Contact:
Jerry Boardman
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Questions?

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Thank you!

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